

PUBLIC DISCLOSURE

November 30, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Seaway Bank and Trust Company
19328**

**645 East 87th Street
Chicago, Illinois 60619**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
500 West Monroe Street, Suite 3500
Chicago, Illinois 60661**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Seaway Bank and Trust Company, Chicago, Illinois**, prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **November 30, 2009**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following summarizes the institution's performance.

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs
- A majority of the institution's loans are within the designated assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The institution has not received any complaints about its performance in meeting assessment area credit needs.

The Performance Evaluation also evaluates the institution's performance under the flexible Intermediate Small Institution Community Development Test. The institution can satisfy the Community Development Test requirements with qualified community development activities under lending, investments, and services.

- The institution's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments and community development services.

SCOPE OF EXAMINATION

This evaluation was prepared using the interagency evaluation procedures for Intermediate-Small Institutions, covering the period from June 7, 2005 to November 30, 2009.

The evaluation of the bank's lending performance was based upon a review of home mortgage financing, which comprised 43 percent of the bank's portfolio as of September 30, 2009. Home mortgage lending in 2007, 2008 and the first half of 2009 was evaluated using data that the institution is required to maintain under the Home Mortgage Disclosure Act (HMDA). The institution originated \$8 million in HMDA loans in 2007, \$11 million in 2008 and \$3 million in the first half of 2009. The 2007, 2008 and 2009 Loan Application Registers (LAR) contained 73 loans, 63 loans, and 25 loans, respectively. For purposes of this evaluation, home mortgage loans include home purchase, refinance and home improvement loans.

Small business loans were also reviewed, as they represent the bank's largest loan product category. As of September 30, 2009, commercial and commercial real estate financing comprised \$92 million or 48 percent of the loan portfolio. As Seaway Bank and Trust Company is not required to collect small business loan data pursuant to the data collection requirements of the Community Reinvestment Act (CRA), all of the bank's small business lending was reviewed for this analysis, including 23 loans for a total of \$6 million in 2007, 30 loans for a total of \$6 million in 2008, and 14 loans for a total of \$3 million in the first half of 2009. For purposes of this evaluation, small business loans are defined as commercial and industrial and commercial real estate loans that were originated in amounts of \$1 million or less. Small farm loans were not evaluated as the bank does not originate farmland or agriculture loans.

DESCRIPTION OF INSTITUTION

Seaway Bank and Trust Company ("Seaway") is a \$380 million institution located in the city of Chicago. Including the main office, the bank operates 4 branch offices on the south side of the city. Additionally, the bank operates a full service branch location at O'Hare airport to the northwest of the city, and a branch office in Waukegan, Illinois. Since the previous visitation in December, 2008, the bank has opened one branch on the south side, and the Waukegan branch office converted from a loan production office. Seaway also operates several ATMs and currency exchanges at both Midway airport, located southwest of the city, and O'Hare.

The bank was established in 1965 as *Seaway National Bank of Chicago* in an effort to counter discriminatory lending practices on the city's south side. Today, Seaway Bank and Trust Company is the 4th largest Black-owned bank in the nation. The bank's mission remains, "to help minority professionals and entrepreneurs obtain the financial assistance they need and to be responsive to the credit needs of our community." The institution switched its national charter to a state, non-member charter on December 30, 2007.

Seaway Bank and Trust Company is a full service banking institution that offers a relatively traditional variety of deposit, credit and other financial products to meet the needs of the community. Deposit products consist of a conventional mix of savings, checking, certificates of deposit, and money market deposit accounts. Commercial credit product offerings include lines of credit and term loans. Real estate lending products include commercial and residential mortgages, construction loans, and home equity lines of credit. The bank also originates consumer loans.

According to the institution's September 30, 2009 Consolidated Reports of Condition and Income, Seaway Bank reported total assets of \$380 million, net loans of \$186 million, and total deposits of \$330 million; yielding a loan-to-deposit ratio of 56 percent and a loan-to-asset ratio of 49 percent. Total assets have increased 15 percent since September 30, 2007. This growth has largely been fueled by 21 percent growth in the securities portfolio. Commercial and commercial real estate lending remains the institution's largest portfolio concentration, and will receive the greater weight in the evaluation of the bank's retail lending performance. A more complete breakdown of Seaway Bank's loan portfolio is detailed in Table A.

<i>Table A – Loan Distribution as of 9/30/2009</i>		
<i>Loan Type</i>	<i>Dollar Amount (000s)</i>	<i>Percent of Total Loans (%)</i>
Construction and Land Development	11,628	6%
1-4 Family Residential	78,518	41%
Multifamily (5 or more) Residential	4,492	2%
Commercial Real Estate	54,173	28%
<i>Total Real Estate Loans</i>	148,811	78%
Commercial and Industrial	38,701	20%
Consumer	2,638	1%
<i>* Total Loans</i>	190,150	100%

** Total percentage may not add to 100 due to rounding*

There are no legal or financial impediments that hinder the bank's ability to provide credit within its assessment area. However, the bank continues to operate in a highly competitive environment. The institution faces significant competition from other financial entities within the assessment area, including other financial institutions, savings associations, credit unions and mortgage companies. According to the FDIC's Summary of Deposit data, As of June 30, 2009, there were 2,955 office facilities and 259 different commercial banks and savings institutions operating in the counties contained within the bank's assessment area.

Seaway Bank and Trust Company received an "Outstanding" rating using the Large Bank examination procedures at its most recent CRA evaluation, dated June 6, 2005. At the current evaluation, the bank was also evaluated using the interagency procedures for Small Institutions, which covers banks with total assets less than \$1.109 billion, but greater than \$277 million as of the previous 2 ends of the calendar year.

DESCRIPTION OF ASSESSMENT AREA

The bank's designated assessment area is comprised of whole geographies and includes the census tracts in which the bank has its offices. The assessment area does not arbitrarily exclude any low- or moderate-income geographies, and meets the requirements of the regulation.

Unless otherwise noted, the 2000 U.S. Census data were utilized to assess the bank's performance during the evaluation period. Borrower classifications are based on the Department of Housing and Urban Development's (HUD) adjusted Median Family Income (MFI) for the corresponding year in which credit was extended. Please refer to Appendix A for definitions of demographic, housing, and other terms used in this evaluation.

Seaway Bank and Trust's assessment area includes the entire Chicago-Naperville-Joliet, Illinois Metropolitan Division and Lake County, Illinois, from the Lake County-Kenosha County, Illinois-Wisconsin Metropolitan Division. The assessment area includes 1,343 census tracts from Cook County, 21 census tracts from DeKalb County, 147 census tracts from DuPage County, 9 census tracts from Grundy County, 67 census tracts from Kane County, 8 census tracts from Kendall County, 47 census tracts from McHenry County, 82 census tracts from Will County, and 151 census tracts from Lake County. Overall, there are 240 low-income census tracts (13 percent), 461 moderate-income census tracts (25 percent), 665 middle-income census tracts (35 percent), and 492 upper-income census tracts (26 percent). The assessment area also contains 17 census tracts for which income data is not available due to a lack of population in the geography. Additionally, the assessment area's low- and moderate-income families total 21 and 18 percent of the total families within the assessment area, respectively, while 8 percent of the families within the assessment area are living below the poverty level.

The 2000 median family income (MFI) of the assessment area was \$64,995, which is 3 percent greater than the Chicago-Naperville-Joliet, Illinois Metropolitan Division MFI of \$63,281, and 17 percent greater than the MFI of the state of Illinois at \$55,545.

The assessment area's total population includes 8,272,768 individuals and 2,972,373 households, of which 2,029,140 are families. There were 134,236 families (7 percent) residing in low-income census tracts, 430,088 families (21 percent) residing in moderate-income census tracts, 819,921 families (40 percent) residing in middle-income census tracts, and 644,895 families (32 percent) residing in upper-income census tracts.

Business Demographics

Economically, the assessment area maintains a sound commercial base. According to 2007 Dun and Bradstreet data, the assessment area includes 564,644 non-farm businesses, though only 21,014 (4 percent) are located in low-income census tracts, and 82,557 (15 percent) are located in moderate-income census tracts. Additionally, 91 percent of the assessment area's reporting businesses generated revenues under \$1 million. The data also reflect that 59 percent of the assessment area's reporting businesses have four or fewer employees, and 97 percent of reporting businesses have fewer than 50 employees. According to Dun and Bradstreet, the Services industry employs the largest portion of the assessment area's workforce, at 39 percent.

Community contacts performed within the institution's local community affirmed the need for more affordable housing. In general, prohibitively high housing costs inhibit homeownership opportunities for lower-income individuals.

Housing Demographics

The median housing value of the assessment area is \$185,276, which is 3 percent greater than that of the Chicago-Naperville-Joliet, Illinois Metropolitan Division, and 45 percent greater than the median housing value in the state of Illinois. Refer to Table B for information regarding selected housing demographics in low-, moderate-, middle-, and upper-income segments of the institution's assessment area.

Table B - Selected Housing Characteristics by Income Category of the Geography									
Geographic Income Category	Percentage						Median		
	Census Tracts	House- holds	Housing Units	Owner- Occupied	Rental Units	Vacant Units	Age	Home Value	Gross Rent
Low	13%	7%	7%	2%	14%	20%	51 yrs	\$98,070	\$463
Moderate	25%	21%	22%	15%	33%	30%	48 yrs	\$112,038	\$599
Middle	35%	41%	40%	44%	33%	29%	35 yrs	\$148,273	\$721
Upper	26%	31%	31%	38%	19%	21%	27 yrs	\$252,831	\$932
Total or Median	100%	100%	100%	100%	100%	100%	34 yrs	\$185,276	\$684

Source: 2000 U.S. Census

Note: Columns may not add to 100 percent due to rounding

As demonstrated by the information above, the bank's assessment area shows a stark contrast in the demographics among the different census tract income levels. In general, housing stock in the lower income segments tend to include older homes, lower property values and rents, as well as disproportionately lower levels of owner occupancy and higher vacancy rates. These characteristics provide insight into the demand for affordable housing and mortgage loans in these communities, and are considered when evaluating the institution's geographic lending patterns and borrower profile.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The institution's home mortgage loan and commercial and commercial real estate loan originations in 2007, 2008 and the first half of 2009 were evaluated to assess the bank's retail lending performance. Aggregate lending data, which is used as a comparison tool when evaluating the bank's home mortgage lending performance, reflects all loans made within the assessment area by lenders subject to the data reporting requirements of the Home Mortgage Disclosure Act (HMDA). The aggregate data includes all banks, thrifts, and other originators that meet certain size and production thresholds.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio (LTD) is reasonable, given the institution's size, financial condition, and the credit needs of its assessment area. The bank's average LTD for the 16 quarters since the bank's last evaluation was 59.6 percent. As of March 31, 2009, the bank's LTD was 52.0 percent, representing a 14.5 percent decrease during the review period. Seven similarly situated banks had a median LTD ratio of 84.0 percent, with average loan-to-deposit ratios ranging from 69.6 percent to 99.3 percent during the same time frame. Similarly situated institutions were selected based on asset size, product focus, and areas served.

Lending in Assessment Area

A majority of Seaway Bank's home mortgage and small business originations were in the institution's assessment area. Table C portrays the distribution of 2007, 2008 and 2009 home mortgage and small business loans inside and outside the assessment area. Overall, 96 percent of the bank's home mortgage loans and 78 percent of the bank's small business originations were inside the assessment area.

Table C – Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Loans										
2007	68	93%	5	7%	73	7,712	94%	483	6%	8,195
2008	62	98%	1	2%	63	10,493	94%	618	6%	11,111
2009	25	100%	0	0%	25	2,899	100%	0	0%	2,899
Subtotal	155	96%	6	4%	161	21,104	95%	1,101	5%	22,205
Small Business										
2007	20	87%	3	13%	23	5,282	91%	509	9%	5,791
2008	21	70%	9	30%	30	3,976	65%	2,161	35%	6,137
2009	11	79%	3	21%	14	1,960	66%	1,021	34%	2,981
Subtotal	52	78%	15	22%	67	11,218	75%	3,691	25%	14,909

Source: HMDA Loan Application Register (2007, 2008), Bank small business loan sample (2008)

* Total percentage may not add to 100 due to rounding

Seaway Bank has extended greater than 50 percent of its credit by both number and dollar volume within the designated assessment area. The bank's performance is stronger in home mortgage lending. These concentrations are deemed reasonable given the size of the institution relative to the geographic scale of the assessment area.

Borrower Profile

Overall, the bank's borrower distribution reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. This conclusion is based on a distribution of home mortgage loans that reflects excellent penetration among individuals of different income levels (including low- and moderate-income), and a distribution of small business loans that reflects a reasonable distribution to businesses of different sizes.

Lending to Borrowers of Different Incomes

The distribution of Seaway Bank's home mortgage loans reflects excellent penetration among individuals of different income levels (including low- and moderate-income), as displayed in table D.

Table D – Distribution of Home Mortgage Loans by Income Category of the Borrower							
Borrower Income Level	% of Families*	Aggregate %**		#	%	\$ (000s)	%
		#	\$				
Low							
2007	21%	4%	2%	6	9%	402	6%
2008		3%	3%	6	10%	405	4%
2009				5	20%	181	6%
Moderate							
2007	18%	16%	10%	23	34%	2,266	31%
2008		14%	12%	20	32%	2,179	23%
2009				7	28%	906	31%
Middle							
2007	22%	25%	20%	13	19%	1,336	18%
2008		40%	33%	6	10%	851	9%
2009				6	24%	718	25%
Upper							
2007	40%	41%	51%	19	28%	3,266	45%
2008		43%	51%	19	31%	6,037	64%
2009				3	12%	510	18%
Total***							
2007	100	100%	100%	61	100%	7,270	100%
2008		100%	100%	51	100%	9,472	100%
2009				21	100%	2,315	100%

Note: Loans secured by multifamily properties and other loans with unreported income were not included in this analysis.

Source: HMDA Loan Application Register (2007, 2008)

**2000 US Census*

***HMDA Aggregate (2007, 2008)*

**** Total percentage may not add to 100 due to rounding*

Home mortgage lending to low-income borrowers in 2007 and 2008 is approximately twice that of the aggregate lending market but less than the percentage of low-income families. The bank's 2009 home mortgage lending to low-income borrowers has been consistent with the percentage of low-income families residing in the assessment area. However, while low-income families represent 21 percent of the families in the assessment area, many of these are unable to qualify for traditional home mortgage lending, as evidenced by the significantly weaker aggregate market lending penetration to this demographic in 2007 and 2008. Additionally, 8 percent of the families in the assessment area are living below the poverty level. Despite these circumstances, the bank was able to attract 9, 10 and 20 percent of its lending (by number) among low-income borrowers.

Home mortgage lending performance to moderate-income borrowers was equally strong, significantly outperforming the aggregate lending performance in 2007 and 2008 and 2009 performance also exceeded the percentage of families. Dollar volume performance was similar to the performance based on number and resulted in similar conclusions.

Lending to Businesses of Different Sizes

The institution has achieved reasonable lending penetration to businesses of different sizes as shown in Table E. Small business loans are analyzed by gross annual revenue to evaluate the size of the businesses being served. Overall, 75 percent of the institution's small business loans by number and 72 percent of small business lending dollars were originated to businesses with revenues less than \$1 million.

<i>Table E – Distribution of Small Business Loans by Revenue Category of the Business</i>					
Business Revenue Level	% of Businesses*	#	%	\$ (000s)	%
≤ \$1,000,000					
2007	91%	13	65%	3,357	64%
2008		17	81%	3,129	79%
2009		9	82%	1,545	79%
> \$1,000,000					
2007	9%	7	35%	1,925	36%
2008		4	19%	847	21%
2009		2	18%	415	21%
Total*					
2007	100%	20	100%	5,282	100%
2008		21	100%	3,976	100%
2009		11	100%	1,960	100%

Source: Bank small business loan sample (2008)

*2007 Dunn & Bradstreet Data

** Total percentage may not add to 100 due to rounding

While 91 percent of the reporting businesses in the bank's assessment area have revenues less than \$1 million, this figure includes all businesses in the market, not just those seeking traditional commercial financing. As such, actual small business lending opportunities typically lag the percentage of small businesses in the market area. As demonstrated above, Seaway Bank's lending to businesses of different sizes (75 percent) is reasonable and demonstrates a commitment to small business financing in the assessment area. Dollar volume performance was similar to the performance based on number and resulted in similar conclusions.

Geographic Distribution of Loans

Overall, the institution's geographic distribution of home mortgage and small business loans reflects excellent dispersions throughout the assessment area. Seaway Bank's geographic lending distribution represents the bank's strongest retail lending performance test. Only loans originated within the bank's designated assessment area were considered in this analysis. Table F reflects the geographic distribution of the home mortgage lending for 2007, 2008 and the first half of 2009.

Table F – Distribution of Home Mortgage Loans by Income Category of the Geography							
Tract Income Level	% of Owner Occupied Units*	Aggregate %**		#	%	\$ (000s)	%
		#	\$				
Low							
2007	2%	4%	4%	7	10%	933	12%
2008		4%	4%	4	6%	730	7%
2009				1	4%	100	3%
Moderate							
2007	15%	16%	14%	32	47%	3,401	44%
2008		14%	12%	25	40%	3,236	31%
2009				10	40%	952	33%
Middle							
2007	44%	42%	36%	28	41%	2,728	35%
2008		40%	33%	29	47%	4,154	40%
2009				12	48%	1,358	47%
Upper							
2007	38%	37%	47%	1	1%	650	8%
2008		42%	51%	4	6%	2,373	23%
2009				2	8%	489	17%
Total***							
2007	100%	100%	100%	68	100%	7,712	100%
2008	100%	100%	100%	62	100%	10,493	100%
2009				25	100%	2,899	100%

Source: HMDA Loan Application Register (2007, 2008)

* 2000 U.S. Census

** HMDA aggregate 2007

*** Total percentage may not add to 100 due to rounding

By both number and dollar volume, the bank's distribution of home mortgage lending to both low- and moderate-income geographies significantly outperformed the assessment area's aggregate lending in both 2007 and 2008. This trend continued in the first half of 2009, during which the bank's home mortgage lending by both number and dollar volume to low- and moderate-income geographies was greater than the percentage of owner occupied units in these geographies, respectively.

Seaway Bank and Trust company's performance in extending small business loans in low- and moderate-income census tracts also reflects excellent penetration throughout the assessment area as well, as depicted in table G.

Table G – Distribution of Small Business Loans by Income Category of the Geography					
Tract Income Level	% of Businesses in the Assessment Area*	#	%	\$ (000s)	%
Low					
2007	13%	9	45%	2,537	48%
2008		3	14%	989	25%
2009		4	36%	976	50%
Moderate					
2007	25%	8	40%	1,170	22%
2008		12	57%	2,295	58%
2009		5	45%	817	42%
Middle					
2007	35%	1	5%	200	4%
2008		6	29%	692	17%
2009		2	18%	168	9%
Upper					
2007	26%	2	10%	1,374	26%
2008		0	0%	0	0%
2009		0	0%	0	0%
Total**					
2007	100%	20	100%	5,282	100%
2008		21	100%	3,976	100%
2009		11	100%	1,960	100%

Source: Bank small business loan sample (2008)

*2007 Dunn & Bradstreet Data

** Total percentage may not add to 100 due to rounding

As with the geographic distribution of home mortgage lending, the bank's small business lending activity in low- and moderate-income geographies is robust. In both low- and moderate census tracts, the bank's lending activity significantly outweighs the relative commercial lending opportunities in these geographies, as represented by the percentage of the assessment area's businesses that are located in each of the geography categories.

Response to Complaints

The bank has not received any complaints regarding its performance in meeting the credit needs of its assessment area.

Compliance with Anti-Discrimination Laws and Regulations

No evidence of discriminatory or other illegal credit practices deemed inconsistent with helping to meet community credit needs were identified during this evaluation. However, during the review period, regulatory personnel identified substantive violations of the Fair Housing Act. The effect of these violations on the bank's assessment area is considered to be limited, and management took appropriate corrective action. These violations were considered in the overall evaluation of the bank; however, they did not ultimately affect the assigned rating.

CONCLUSIONS WITH RESPECT TO COMMUNITY DEVELOPMENT

Community development initiatives for lending, investments, and services were evaluated in accordance with the Intermediate Small Institution examination procedures. Overall, Seaway Bank & Trust's performance demonstrates adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services considering the institution's capacity and the need for community development initiatives within the institution's assessment area.

The scope of the community development review covered the period from June 7, 2005 through November 30, 2009. Opportunities for community development lending, investments, and services are available based upon an analysis of demographic information, the CRA public evaluations of area institutions, and community contact information. More specifically, the assessment area maintains reasonable concentrations of low- and moderate-income households at 37 percent (13 percent low-income and 24 percent moderate-income). Furthermore, the bank's immediate market area is predominantly comprised of low- and moderate-income individuals and census tracts. According to the most recent Dun and Bradstreet data, 92 percent of the reporting non-farm businesses in the assessment area maintain annual gross revenues of \$1 million or less.

Specific community development opportunities were also confirmed through a review of contacts with a number of community organizations. Needs in the community cited by local contacts included start-up financing for small businesses, affordable housing projects, and first-time homebuyer and mortgage assistance programs. Lastly, as the bank's immediate market resides in the South side of metropolitan Chicago, numerous additional investment and service opportunities exist with respect to initiatives that operate throughout the larger metropolitan area, including the bank's assessment area.

Community Development Lending

Seaway Bank & Trust's level of community development lending demonstrates adequate responsiveness to the community development needs of the assessment area, considering the institution's capacity and the availability of opportunities. Specifically, Seaway Bank & Trust originated a total of 20 qualified community development loans totaling \$18.3 million since July 1, 2005. This volume represents 9.7 percent of the bank's portfolio of net loans as of September 30, 2009.

The bank's community development loans were for the purpose of providing affordable housing units to low- and moderate-income (LMI) families and individuals, promoting economic development, providing community services targeted to LMI individuals, and activities that revitalize or stabilize LMI geographies by attracting and retaining businesses and residents. Furthermore, the majority of the loans were originated in low- and moderate-income census tracts. Affordable housing, economic development, community services and revitalization of LMI areas was cited by local community contacts as needs, therefore, this type of lending is considered responsive to the needs of the bank's market. Refer to Table 1 below for further details on the bank's qualified community development loans.

Table 1 – Community Development Loans			
Year	Number Volume	Dollar Amount	Community Development Purpose*
6M2005	7	\$5,819	AH, CS, RS
2006	5	\$5,821	AH, CS, RS
2007	2	\$133	CS, ED
2008	5	\$6,415	CS, ED, RS
9M2009	1	\$51	ED, RS
Total	20	\$18,348,000	

**AH-Affordable Housing; CS-Community Services; ED-Economic Development; RS-Revitalize/stabilize*

Community Development Investments

Seaway Bank & Trust maintains an adequate level of qualified investments. Since July 1, 2005, the bank made 270 qualified investments totaling \$2,697,097, which includes 261 donations, 2 certificates of deposit and 7 equity investments geared toward providing affordable housing to low- and moderate-income individuals. The qualifying investments include, but are not limited to, a \$689,203 investment in Seaway Community Development Corporation (see Services section below for further details), a \$654,171 investment in Community Investment Corporation, \$550,000 in deposits at two minority-owned institutions, and \$203,723 in donations. This performance represents 1 percent of total assets, 1.8 percent of total investment securities, and 7.6 percent of total equity capital as of September 30, 2009.

Relative to its resources and available opportunities within the assessment area, Seaway Bank & Trust's investment activities exhibits adequate responsiveness to the community's credit and economic development needs. The opportunities for community development initiatives in the bank's assessment area are abundant. There are numerous community organizations operating within the assessment area and on broader regional and statewide bases, which offer partnership opportunities for financial institutions to assist in addressing community development needs. Although not considered qualifying investments for purposes of community development since the investments were made to organizations outside the bank's assessment area, Seaway Bank & Trust also invested \$650,000 in certificates of deposit at various credit unions and CDFI banks primarily located in the Southeast United States.

Community Development Services

Relative to the opportunities for serving its assessment area and the bank's resources, Seaway Bank & Trust has provided a high level of community development services. Since July 1, 2005, the bank provided a total of 14 qualified community development services primarily through employee involvement with various organizations, including participation in several financial education seminars. Of particular note, Seaway Bank & Trust runs a Bank at School program at 4 qualifying schools whereby 12 different bank employees/officers (3 per school) attend the 4 schools each month to run the bank at school program and assist with state-sponsored 12-week financial curriculum. Of further note, Seaway Bank & Trust provides Seaway Community Development Corporation (SCDC) with one cubicle space at the bank free of charge. The bank also provides SCDC with a \$300,000 line of credit to acquire and rehab distressed properties to be resold as affordable housing, which is the organization's primary purpose. Furthermore, President Grady and EVP Bates serve on SCDC's board. Since 2002,

SCDC has acquired, rehabbed and sold 15 single-family residences at a total cost of \$1.9 million. Included in the community development investments above is 5 of those 12 properties (from July 1, 2005 through September 30, 2009) at a total cost and qualified investment of \$689,000. As previously mentioned, foreclosure, fraud prevention and small business programs were cited by local community contacts as a bank outreach need. This type of initiative is considered responsive to the needs of the bank's market. Seaway Bank & Trust also operates 2 full service facilities in low-income census tracts, 3 full service facilities in moderate-income census tracts, a drive-up facility in a low-income census tract, a full service facility/foreign currency exchange inside Midway International Airport, and full service facilities inside Terminals 2 and 5 and foreign currency exchanges inside Terminals 1, 3 and 5 of O'Hare International Airport. In addition, Seaway Bank & Trust is a minority-owned institution that provides other area banks the opportunity to invest in Seaway certificates of deposit for their own community development investment credit. All of the items noted relate to technical assistance or direct involvement by a bank employee, with the exception of "Bank at School" which is considered a bank service. The following is a listing of Seaway Bank & Trust's qualified community development services:

National Bankers Association	An organization of minority banks that focuses on revitalization of distressed areas, as the member banks are largely located within these.
Alpha Gamma Pi Sorority	An organization that organizes, funds and provides scholarship opportunities to African-American women. The scholarships have a financial need component.
Professional Women's Network	An organization that organizes, funds and provides scholarship opportunities to African-American women. The scholarships have a financial need component.
Chicago Urban League Women's Board	An organization dedicated to the socioeconomic advancement of low- and moderate-income urban blacks
Catholic Charities Advisory Board	An organization dedicated to the elimination of poverty
Chicago Community Loan Fund	An organization that provides low-cost funding and technical assistance for organizations with community development activities as their primary purpose, including affordable housing and economic development
Chicago Youth Adult Training Center	An organization that focuses on building strong relationships between faith-based organizations, government and corporations to transform low-income communities
Black on Black Love	An organization that focuses on eliminating black-on-black crime largely by assisting those who have

	recently been incarcerated to find work and re-acclimate to the outside world. Individuals leaving incarceration inherently have no income.
My Sisters Keeper	A related organization that also focuses on eliminating black-on-black crime largely by assisting those who have recently been incarcerated to find work and re-acclimate to the outside world. Individuals leaving incarceration inherently have no income.
Bank at School	Bank runs a program at 4 qualifying schools. 3 bank employees/officers attend each school each month to run the bank at school program and assist schools with their state-sponsored 12-week financial curriculum. 12 employees plus two officers that run the program are involved each month
Seaway Community Development Corp.	President Grady and EVP Bates serve on the board of the SCDC. The bank provides SCDC with a \$300,000 line of credit to acquire and rehab distressed properties to be resold as affordable housing, which is the organization's primary purpose.
Chatham Business Association	An organization located in the low-income Chatham area where various forms of assistance is provided to local small businesses to enhance the economic profile of the community
Roseland Neighborhood Housing Services	An organization with primary mission of creating "opportunities for people to live in affordable homes, improve their lives, and strengthen their neighborhoods". Located in a moderate income tract in the low- mod-income Roseland area
Roseland Business Development Council	An organization that provides various forms of assistance to local small businesses to enhance the community's economic profile; the organization is located in a moderate-income tract in the low- mod-income Roseland area

APPENDIX A - GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the Suburban rating. If an institution maintains domestic branches in more than one Suburban, the institution will receive a rating for each Suburban in which those branches are located. If an institution maintains domestic branches in two or more state within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.